

MINUTES

Special Legislative Task Force



Representative Scott Munsterman, Chair
Senator Mike Vehle, Vice Chair

**Second and Final Meeting, 2016 Interim
Monday, October 31, 2016**

**Room 413 – State Capitol
Pierre, SD**

The second and final meeting of the Special Legislative Task Force was called to order by Representative Scott Munsterman, Chair, at 12:15 p.m. (CDT), on Monday, October 31, 2016, in Room 413 of the State Capitol in Pierre, South Dakota.

The following members answered the roll call: Representative Scott Munsterman, Chair; Senator Mike Vehle, Vice Chair; Senators Gary Cammack, and Terri Haverly; Representatives Shawn Bordeaux, Kristin Conzet, Jacqueline Sly and Dean Wink. Member excused: Senators Ried Holien and Scott Parsley.

Staff members present included Clare Charlson, Principal Research Analyst; Jeff Mehlhaff, Fiscal Analyst; and Paul Giovanetti, Senior Legislative Secretary.

NOTE: For purpose of continuity, the following minutes are not necessarily in chronological order. Also, all referenced documents distributed at the meeting are attached to the original minutes on file in the Legislative Research Council office. This meeting was web cast live. The archived web cast is available at the LRC web site at <http://sdlegislature.gov>.

Approval of Minutes

SENATOR VEHLE MOVED, SECONDED BY SENATOR CAMMACK, TO APPROVE THE MINUTES FOR THE MEETING ON SEPTEMBER 19, 2016. The motion prevailed unanimously on a voice vote.

Review of information provided relative to the university centers

Dr. Michael Rush, Executive Director and CEO, South Dakota Board of Regents introduced representatives of the Board of Regents who were available to answer questions from the committee. The Board of Regents have made changes with the governance models for the university centers. The centers were created to provide higher education in the three major population areas that did not have a major university. The centers were designed to meet the specific needs of the city with the partnership of the universities. The cumulative fall enrollment for the university centers is 31,000 students. Dr. Rush clarified the Board of Regents' perspective on how the university centers pay support costs to the main campuses. He stated the university centers are able to be self-sustaining and disagreed with the fiscal report provided to the committee ([Document #1](#)) and presented a different representation of the university centers funding ([Document #2](#)). The enrollment for the university centers has decreased as online enrollment has increased.

Mr. Craig Johnson, Executive Dean, University Center- Sioux Falls (UC-SF) stated the Board of Regents have made a proactive effort to address the current situation with the university centers. The new governance model implemented at UC-SF last spring is better suited for the university center. The current challenges the center faces are online learning and a strong job market. The center is providing services

to online students. The future of the university centers needs to center on a community college model where students can earn a two-year Associate of Arts or Associate of Science degrees. This is the current cohort we have started by offering an Associate of Arts in General Studies. The center is creating a student support center, community engagement, and working actively with community leaders.

Representative Jacqueline Sly asked why the data provided for Capitol University Center (CUC) covers only one year. **Mr. Monte Cramer, System Vice President of Finance and Administration, South Dakota Board of Regents** replied the system for CUC is financed differently than the university centers in Sioux Falls and Rapid City. The board is still working on updating the financial information for CUC and will provide an update to the Legislature. The main difference is that CUC is primarily funded through its foundation and has a partnership with the Board of Regents. The foundation owns the building and offers other instructional courses at the center that are not through the Board of Regents.

Representative Scott Munsterman asked if the university centers are self-supporting. He noted that the calculation of indirect costs has not been clarified enough to determine if the revenues are sufficient to cover those costs.

Senator Gary Cammack asked, in reference to the fiscal handout ([Document #3](#)) compiled by Legislative Research Council staff, how the university centers are self-supporting if the total expenses per credit hour exceed the total revenue per credit hour.

Representative Munsterman asked Mr. Jeff Mehlhaff to explain the handout to the committee, and **Mr. Jeff Mehlhaff, Fiscal Analyst, Legislative Research Council**, explained how he determined total expenses per credit hour and the total revenue per credit hour.

The committee then had a discussion with representatives of the Board of Regents and universities regarding the definition of self-support, the universities' additional costs, online course costs compared to the cost of classes offered at the university centers, instructional staff at the university centers, indirect costs of the university centers, and university funding sources.

Mr. Harvey Jewett, Member, South Dakota Board of Regents, provided some historical perspective from when the university centers began. He noted that no general funds are used to support the university centers.

Mr. James W. Abbott, President, University of South Dakota (USD), discussed the relationship between UC-SF and USD and explained some of the indirect costs of the university center and the difficulty that sometimes exists in quantifying them.

Task Force Discussion and Action

Senator Vehle discussed a proposed bill draft that would transfer legislative oversight of the university centers from the task force to the Legislative Planning Committee and would require reviews every three years.

Upon further discussion, the committee unanimously agreed to revise the draft to provide for annual reviews of the university centers by the Legislative Planning Committee ([Document #4](#)).

SENATOR VEHLE MOVED, SECONDED BY REPRESENTATIVE WINK, TO MOVE FORWARD AS REVISED THE DRAFT ENTITLED, "AN ACT TO REQUIRE THE LEGISLATIVE PLANNING COMMITTEE TO PROVIDE OVERSIGHT TO THE BOARD OF REGENTS ON ISSUES RELATING TO THE UNIVERSITY CENTERS".
The motion prevailed unanimously on a voice vote.

Adjournment

REPRESENTATIVE SLY MOVED, SECONDED BY SENATOR HAVERLY, TO ADJOURN. The motion prevailed unanimously on a voice vote.

The committee adjourned at 2:32 p.m.